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DE RUEHME #4916/01 2542156  
ZNR UUUUU ZZH  
R 112156Z SEP 07  
FM AMEMBASSY MEXICO  
TO RUEHC/SECSTATE WASHDC 8829  
INFO RUEHXC/ALL US CONSULATES IN MEXICO COLLECTIVE  
RUEAHLA/DEPT OF HOMELAND SECURITY  
RUCPDO/DEPT OF COMMERCE WASHDC  
RHMFIUU/DEPT OF ENERGY WASHINGTON DC

UNCLAS SECTION 01 OF 04 MEXICO 004916

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E.O. 12958: N/A

TAGS: [MCAP](#) [PARM](#) [PTER](#) [MX](#)

SUBJECT: READ-OUT OF BILATERAL MEETINGS ON MEXICO'S  
CHEMICAL NATIONAL CONTROL LIST

11. (SBU) Summary: On August 16-17, Department of Commerce/Bureau of Industry and Security (BIS) senior technical and policy representatives participated in a bilateral technical exchange in Mexico City, Mexico. This meeting was in response to a specific request by the Mexican Government seeking assistance in developing a national control list with respect to chemicals. The BIS representatives discussed the differences and cross-over between the controls and obligations of the Chemical Weapons Convention (CWC) and the Australia Group (AG) and discussed how the U.S. and other countries implement CWC and AG obligations. The GOM representatives provided an overview of Mexico's Federal Law on the control of chemical substances that can be used to make chemical weapons, as well as background on how the legislative system works. In addition, U.S. and GOM representatives exchanged views on a variety of legal and regulatory, industry outreach and process development issues. End summary.

12. (SBU) Background: On July 25, Jesus Mao visited Washington in his new capacity as Head of Mexico's National Authority on Disarmament, Terrorism, and International Security. This National Authority was inaugurated on July 20 as an auxiliary agency of the National Security Council to coordinate all international terrorism, nonproliferation, international security and export control issues. In his meeting with Mao, Assistant Secretary of Commerce for Export Administration Christopher Padilla stated that he was impressed with Mexico's progress to date and future plans for implementing an export control program and obligations under the CWC. Mao requested that BIS send a team to Mexico in the next 15 days to work on the chemical control lists in the AG and the CWC since Mexico's Federal Law on Chemicals was about to be submitted before their legislature in early September.

13. (SBU) In response to this request, A/S Padilla sent a letter to Mao reiterating that he was impressed with the plans laid out by Mao and suggesting several near term engagements, including a Bilateral Technical Exchange to discuss the differences and cross-over between the controls and obligations of the CWC and the AG and discuss how the U.S. and other countries implement CWC and AG obligations.

14. (SBU) Report of the Bilateral Technical Exchange: On August 16 and 17, the GOM hosted this bilateral technical exchange at the Center for National Security and Investigation (CISEN) facility. Mao welcomed the U.S. delegation, briefly discussed his new role as Head of the National Authority, and introduced his staff. Some of the members of Mao's new National Authority team had followed him from his previous office at Mexican Customs, while others were from various other agencies. Two of the members had just started that day.

15. (SBU) Adrianna Rivera, Deputy Chief of Legislative and Administrative Harmonization, provided a short briefing on Mexico's legislative process. The GOM plans to send the Federal Law for the Control of Chemical Substances Susceptible of Deviation for the Manufacture of Chemical Weapons to the legislature in early September as a priority in the fall session as part of a "special package from the Executive Power." This Federal Chemical Law would be introduced in the Senate chamber, since it deals with foreign trade. Rivera noted that this legislation would probably take at least three months to pass and if it were not passed in the fall session, could possibly carry over into the spring.

16. (SBU) Jorge Moreno, Deputy Director of Terrorism and International Security, discussed in detail the Federal Chemical Law which will implement the CWC. The GOM representatives noted that Mexico has obligations for companies to allow inspections, submit declarations and report transfers. He also noted that the law under consideration will impose penalties, including fines and prison terms. He explained how the National Authority will host international inspections, and will also conduct national inspections to determine compliance. He also informed the U.S. that the National Authority would be taking over the CWC inspector host role and had just been notified that they would be hosting inspectors the following week. The U.S. delegation discussed how the U.S. does not perform national inspections, but rather works with industry on compliance by sending out advance teams to inspection sites, working with industry on their declarations, and doing Site Vulnerability Assessments. Mao explained how Mexico is currently focused on chemical and biological agents controlled by the CWC and AG, but intends to implement all four multilateral export control

MEXICO 00004916 002 OF 004

regimes. The U.S. delegation emphasized that it is important that industry declarations are correct, because these declarations make up the national declaration. Later in the session, the GOM informed us that representatives would be attending a host inspector training course run by the OPCW in Paris at the end of October. Also, Mao expressed his intent to attend the Conference of States Parties annual meeting on the CWC in early November in The Hague.

17. (SBU) The GOM representatives discussed the roles of the new National Authority. Mao explained how the National Risk Assessment Center will work. The U.S. delegation asked several questions with regard to the Mexican export license process. The GOM intends for the National Authority to be the ultimate decision maker with regard to whether a license is approved or denied. The National Authority will also have the technical experts who update the control lists and determine whether items are controlled. The various Mexican agencies that currently administer export controls, such as the Ministries of Health, Environment, Defense, and Economy, will continue to receive the license application; however, their roles will be administrative rather than policy-oriented or technical.

18. (SBU) The U.S. delegation's chemical expert discussed how the U.S. implements both the CWC and the AG. He offered an overview of the requirements of the AG versus those of the CWC. Discussion involved how the USG handles its obligations and some of the agencies and processes in place. The GOM had a variety of questions. Mao asked what percentage of licenses are processed within our 39 day limit and the U.S. committed to provide a break down of licensing statistics. The Mexican delegation was interested in this because in the Mexican system they need to choose a date when companies can assume they are authorized to export.

19. (SBU) On August 17, the U.S. delegation's chemical expert met with GOM chemical experts to discuss the chemicals controlled by the CWC and the AG. A thorough review of all CWC scheduled, CWC discrete organic chemicals and Australia

group chemicals was conducted to ensure the legislative process included the entire list. The U.S. delegation encouraged the GOM to use legislation to only reference the chemicals and not include a detailed spreadsheet.

¶10. (SBU) U.S. policy representatives also met with GOM legal representatives to discuss a variety of legal and regulatory, industry outreach and process development issues. As for legal issues, the U.S. delegation asked about whether, under existing laws and regulations, the GOM can implement export controls and whether comprehensive export control legislation is needed. The GOM representatives noted that since the Federal Chemical Law is about to go to the legislature, they will focus on their comprehensive export control law. They also noted that Mexico would begin work on the export control law in January with the law sent to the legislature in September 2008 in the best case scenario. The U.S. delegation agreed to provide the GOM representatives a copy of the Legal Authorities Template, which helps countries develop comprehensive export control legislation. Both sides discussed what needs to be in the legislation, such as penalties, and what is more appropriate for regulations, such as the control lists which change periodically. Both sides agreed that it would be productive to have a more in depth session in the near term to discuss legal and regulatory issues. The U.S. delegation promised to provide the GOM legal representative with the name of an attorney in the BIS so that the GOM can ask periodic questions.

¶11. (SBU) As for the Federal Chemical Law, the GOM lead legal representative indicated that this was the twelfth draft in two years, but that the Organization for the Prohibition of Chemical Weapons (OPCW) had reviewed this draft and determined that it was sufficient. The next step is for the GOM to get industry buy-in to the provisions of this law. The Deputy Chief of Legislative and Administrative Harmonization, who had previously worked for the legislature, noted that this law would take at least three months to pass the legislature. The U.S. delegation explained the difference between the CWC implementing law, the implementing regulations and the Executive Order establishing the roles of each agency. Copies of these documents were given to the GOM representatives, who requested a copy of the Executive Order on the dual use license process.

¶12. (SBU) The GOM Deputy Chief of Legislative and Administrative Harmonization informed the U.S. delegation that it will be her responsibility to reach out to the

MEXICO 00004916 003 OF 004

chemical industry regarding the Federal Chemical Law. Mao had told the U.S. delegation that the heads of the three major chemical industry associations were invited to the inauguration of the National Authority on Disarmament, Terrorism, and International Security, which was attended by several ministers, so that they would understand the importance of this undertaking for the government. The GOM representatives noted that in the coming few weeks, the National Authority would have an initial meeting with Asociaci"n Nacional de la Industria Qu!mica (ANIQ) - the major Mexican chemical industry group. Because of this timing, both sides agreed that having a joint U.S. - Mexico industry outreach event on the CWC with both American Chemistry Council and ANIQ should be postponed until the time is ripe. The U.S. representatives also spoke about the BIS export control outreach program in the United States, emphasizing how both sides benefit from the relationship. The U.S. representatives also previewed the Annual Update Conference which BIS has invited the GOM to attend and discussed additional activities, such as meetings with the chairs of the Technical Advisory Committees, which BIS intends to have on the margins of the conference. The GOM representatives seemed excited about attending this event. Additionally, the U.S. representatives gave a hands-on demonstration on how to access U.S. export control laws and regulations online, as well as the BIS CWC website. The GOM

representatives were eager to review the information online about how the U.S. administers its export controls.

¶13. (SBU) Overall, this technical exchange proved extremely productive. The GOM was very engaged in the dialogue and very serious about quickly and comprehensively implementing its CWC requirements and export controls consistent with all four export control regimes.

¶14. (SBU) Next Steps and Follow-On Actions: The next step is for the U.S. to send the GOM a copy of the Legal Authorities Template, statistics on U.S. licensing processing, information on whether other countries charge money for providing licenses, our Executive Order outlining our license process, and information on weapons made from each of the chemicals. BIS plans to follow up with the GOM regarding the possibility of sending a small team to Mexico in early October to further discuss the essential aspects of legal and regulatory authorities, as well as organizational and process development. The GOM will select four representatives to attend the 20th Annual BIS Update Conference in Washington, DC on October 31- November 1.

¶15. This cable was prepared and cleared by USG delegation participants.

Participants:

United States

Elizabeth Scott, Director of Chemical and Biological Controls, Bureau of Industry and Security, U.S. Department of Commerce

Patricia Muldonian, Senior Policy Advisor for the Office of National Security and Technology Transfer Controls, Bureau of Industry and Security, U.S. Department of Commerce

Lisa Meyers, Special Assistant for the Assistant Secretary for Export Administration, Bureau of Industry and Security, U.S. Department of Commerce

Mexico:

Jesus Mao, Head of National Authority, Ministry of the Interior Mexico

Geraldo Romo, Deputy Director of Strategic Formation and International Coordination, Ministry of the Interior Mexico

Jorge Moreno, Deputy Director of Terrorism and International Security, Ministry of the Interior Mexico

Teresita Macias, Deputy Director of Risk Assessment and Security Measures, Ministry of the Interior Mexico

Adriana Rivera, Deputy Chief of Legislation and Administration Harmonization, Ministry of the Interior Mexico

Jose Hugo German, Department Chief of International Cooperation, Ministry of the Interior Mexico

Adriana Diaz, Department Chief of Non-Proliferation and Export Controls, Ministry of the Interior Mexico

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MEXICO 00004916 004 OF 004

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